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SUBJECT: Japan Embargoes Ethiopian Coffee for Trace Insecticides

11. SUMMARY: The Japanese Coffee Association (JCA) has rejected the delivery of 16 container loads of Ethiopian coffee due to the presence of three banned insecticides. The JCA sent multiple teams to Ethiopia to obtain samples from throughout the supply chain to determine the source of the contamination. At this time, it is thought that the chemicals come from jute bags used in the harvesting and shipping process. Testing is ongoing in Japan. The implications for continued exports of Ethiopia's number one revenue source are significant, as Japan purchased approximately 17% of the country's last crop. END SUMMARY

12. According to Economic Officer Kazuyuki Takenaka from the Embassy of Japan in Addis Ababa, in late April the Japanese Coffee Association performed tests on Ethiopian coffee held in bonded warehouses prior to importation into Japan. The tests found residue of three globally banned chemicals- Gamma BHC (also known as lindane), heptachlor, and chlordane. The levels of the three chemicals were measured at over 100 times the acceptable limit, and the coffee will not be imported into Japan. Takenaka stated that Japan has some of the most stringent food safety standards in the world, but pointed to a reading on one sample with a .232 parts per million result for one of the banned pesticides (.002 parts per million are allowed) as indicating that the coffee had what would be considered a high insecticide level in other countries as well. Since the initial finding, additional coffee has tested positive, but Takenaka does not know the exact amount or value. Takenaka stated that Japanese importers are no longer purchasing Ethiopian coffee, and that the coffee already shipped may be returned for a refund as it does not meet standards.

13. Advisors to USAID's project to improve coffee production told Emboffs that, in their experience, chemical pesticides are not used in small-holder Ethiopian coffee because of cost constraints. Additionally, coffee is generally not irrigated, mitigating the possibility that the beans were contaminated by runoff from other agricultural enterprises. Plantation coffee is very uncommon in Ethiopia, and would be the only part of the supply chain where chemicals might be used as part of agricultural production. The coffee in question, they stated, is not likely to be plantation coffee because it comes from several areas (Yirgacheffe, Sidamo, Harar and Jimma according to Takenaka) and plantation coffee would be easily traceable to the producer, unlike the coffee being held in Japan.

14. The JCA sent five teams to Ethiopia to examine the supply chain from beginning to end to take samples and determine where the contaminants were introduced. Another team visited the Port of Djibouti to see if contaminated shipping containers could be the culprit. While testing is not complete, the prime suspect at this point is bags made of jute fiber that are used in harvesting and shipping. The jute fibers are imported from Bangladesh and/or made into bags in Ethiopia. According to Takenaka, the samples are currently undergoing testing in Tokyo with results expected in three to four weeks. USAID Fintrac contractors informed Emboffs that jute

bags are used in all ten African coffee exporting countries, and there are potentially widespread implications regionally if the bags are to blame.

¶5. The Government of Ethiopia (GoE) is concerned, with good reason, over this development. According to both Takenaka and the USAID advisors, they are seeking the capacity to perform future testing in-country before coffee is exported. Takenaka told Emboff that the GoE has equipment that may be capable of doing the testing, but they do not have the training to operate the machinery. The Ethiopians asked the Japanese for capacity-building training, but as the machines are Chinese this is not a need that Japan can fulfill.

¶6. COMMENT: Coffee is Ethiopia's number one export and a huge number of peasant farmers rely on it for their livelihood. A significant decrease in the amount of coffee purchased by Japan (Ethiopia's number two coffee customer) and/or a ripple effect leading to cuts by other purchasers would have a severe impact on the already-shaky economy. Post is coordinating with the Embassy of Japan to learn the results of the testing and will report on any additional developments. Ethiopian coffee exported to the U.S. has not yet tested positive for any of these banned insecticides, and it is not clear if levels identified in coffee imported by Japan are within permissible U.S. levels. Still, if such insecticides are found in coffee exports to the U.S. or EU it could have an even greater detrimental impact on Ethiopia's biggest export earner at a time when the Ethiopian economy can least sustain the shock. END COMMENT.

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